



# THE ECONOMIC TIMES GLOBAL BUSINESS FORUM ON RAS AL KHAIMAH - NEW HORIZONS FOR GROWTH

IN ASSOCIATION WITH RAS AL KHAIMAH INVESTMENT AUTHORITY

## BUOYANT RAS AL KHAIMAH EYES AN INVESTMENT PLAN

### RAS AL KHAIMAH IN A NUTSHELL

Ras Al Khaimah is one of the seven emirates that make up the United Arab Emirates. Its economic growth has been driven by a combination of a stable leadership and a string of attractive incentives including 0% income tax, corporate tax and capital gains tax. Ras Al Khaimah has recorded double digit GDP growth over many years, and has a young population that gives it a demographic advantage. The emirate is totally independent of oil, thus cushioning itself from bearing the burden of any oil shock. The industrial sector in the emirate has been traditionally dominated by cement, ceramics and pharmaceuticals. The emirate's own brand RAK Ceramics is a globally reputed brand name, and the company has a unit in Andhra Pradesh, with more plans for expansion of operations in India. Ras Al Khaimah also boasts an attractive lifestyle, with facilities like golf club, aviation club, water sports, desert drives, a range of hotels and restaurants and nightlife.



H.E. Mohamed Sultan Abdalla Al Owais, Ambassador of UAE to India, (Centre). From left to right: Mr. Alex Thomas, Head of Investment Promotion, RAKIA, Dr. Khater Massaad, CEO, RAKIA, Mr. Peter-Michael Schuster, General Manager, RAK Offshore, J.K. Das, AGM, International Operations, Bank of Baroda

Joe A Scaria

Ras Al Khaimah, one of the seven emirates that constitute the United Arab Emirates, literally means the top of the tent. It would now like to be right on top of the world's leading investment destinations as well. The emirate is already getting noticed on an international scale with its package of attractive investment offers in free zone and non-free zone categories as well as offshore opportunities.

It all began five years ago in 2005 when the Ras Al Khaimah Investment Authority (RAKIA) was established under the guidance of HH Sheikh Saud bin Saqr Al Qasimi, Crown Prince and Deputy Ruler

### The RAK Advantage

- 100% ownership & tax exemptions
- 100% repatriation of capital and profits
- Modern infrastructure and utilities
- High quality of life at affordable cost
- Single window clearance for all permits
- Low cost of setting up and operations



of the emirate, to oversee sustainable socio-economic growth of the emirate.

Since then RAKIA and the emirate itself have progressed on a rapid pace towards industrialization and development and today boasts of over 7,300 registrations of companies operating in various sectors. Since its formation, the emirate has received FDI in excess of US \$3 billion, and the target is to reach US \$5 billion in industrial investments by 2013.

The strong inflow of investment into the emirate has primarily hinged on the emirate's attractive investment incentives, including easy and quick registration procedures, absence of corporate and income taxes, unrestricted repatriation of capital and manpower recruitment from any country, and easy access to regional markets.

It also boasts of a single window facility for approvals and permits, ready availability of power at competitive rates, roughly 40 double taxation agreements

and 30 bilateral investment treaties, and lowest freight cost to Europe, Asia, Africa and America.

At the recent ET Global Business Forum on 'Ras Al Khaimah: New Horizons for Growth' in New Delhi, UAE Ambassador H.E. Mohamed Sultan Abdalla Al Owais underlined the reasons why UAE, and Ras Al Khaimah in particular, offered attractive opportunities for doing business. "The UAE is not only one of India's biggest trading partners, but partner No 1 for the second year in a row. During 2009-10, India's investment overseas was US \$10.3 billion. Indian companies invested US \$484 million in the UAE and UAE ranks seventh in India's total outward investments".

The Ambassador described Ras Al Khaimah as one of the seven pearls of the UAE, and pointed out that the emirate was the winner of the 'Most attractive FDI destination in the Middle East' award from an international publication based in London.

RAKIA CEO Dr Khater Massaad says the past five years have been transformational for Ras Al Khaimah as it emerged as an "exciting investment, manufacturing, trade, tourism and lifestyle destination in the Middle East".

He points out that alongside the increasing number of global companies investing in the emirate, premium residen-



tial and leisure amenities are built across the emirate, thereby constantly improving the quality of life for citizens and residents of the emirate.

The latest of such attractions is the WOW RAK, which will have the Iceland water park, amusement park, shopping mall and resort facilities.

Alongside the industrial units, Ras Al Khaimah is also witnessing a boom through RAK Offshore, which functions as an SBU of RAKIA. Since its inception, over 3,300 IBCs have been registered with RAK Offshore.

RAK Offshore General Manager Peter Michael Schuster says an investment in Ras Al Khaimah, particularly in offshore opportunities, is a wise move, considering that the emirate is a real economy and not a tax haven. He says RAK Offshore is planning to offer more products, including the establishment of an offshore regime for pleasure boats and private yachts after Federal approval.

Ceramics, food processing, pharmaceutical units and exquisite tourism products make a strange combination, but that is how diverse an emirate Ras Al Khaimah is in terms of business activity and scope for investment. The northern emirate of the UAE is eyeing a total investment of US \$5 billion by 2013.



Mr. Osama Abdalla Abuseen, Vice Consul General of UAE in conversation with Dr. Massaad

According to Alex Thomas, head of RAKIA's investment promotion, the emirate is emerging as a complete investment destination that combines good investment opportunities and an environment for healthy and safe living.

Indian investors in Ras Al Khaimah have the additional advantage of banking assistance in the form of Bank of Baroda, which handholds investors in their financial requirements. BoB's Deputy General Manager for International Operations, NN Bhalerao and Assistant General Man-

ager of the International Business Branch, JK Das say that the bank has had over three decades of operations in the emirate, and offer the complete range of banking services in Ras Al Khaimah.

The attractions of the emirate appear to be appealing to more investors as FDI inflow into Ras Al Khaimah continues its northward trend. The emirate is now expecting Indian investors, who are already there in significant numbers, to enhance their investment as the emirate shifts to a higher development gear.

## 'Post crisis, the take-off stage beckons'



Ras Al Khaimah Investment Authority (RAKIA), the investment arm of the government of Ras Al Khaimah, is focused on building a strong and diverse economy that promises sustained growth. Moving ahead with that objective, RAKIA has not taken the foot off the accelerator even in the most trying times for the global economy. In this interview, RAKIA CEO Dr Khater Massaad tells Joe A Scaria about the authority's plans for the immediate future.

being exported to over 200 countries. **What are the key attractions that the emirate is offering, and which are the sectors that RAKIA is keen to attract investment into?**

Ras Al Khaimah is a safe destination for business and living, and it has the locational advantage of being close to Europe, Africa and the sub continent besides the proximity to the Gulf Cooperation Countries (GCC) region. That in turn means a huge opportunity for companies hoping to tap the large markets spread across these regions. There are several industry verticals doing well in Ras Al Khaimah including cement, auto, pharma and of course ceramics, and we are interested to have more players in the food sector as well as in the IT sector.

**Looking forward, what are the prospects for the near term?** The world has experienced some economic turbulence, but the economic crisis is not going to stay forever. Post crisis, the take-off stage is beckoning companies operating in different sectors and we are keen to have Indian companies set up base in Ras Al Khaimah to serve not only large markets like UAE and Saudi Arabia but a whole region around it.

**Ras Al Khaimah in general and RAKIA in particular have been upbeat about growth prospects in the emirate. What is the macro economic backdrop for the emirate as you embark on investment promotion?**

It is a very encouraging scenario at the moment. Ras Al Khaimah has had a 9% growth in 2009 and we are expecting a 9% growth this year, too. That should put us among the fastest-growing locations anywhere in the world. HH Sheikh Saud bin Saqr Al Qasimi, the Crown Prince and Deputy Ruler of Ras Al Khaimah has played a guiding and driving force behind this significant growth profile and the transformation of Ras Al Khaimah into an economic entity of repute. **How significant is the presence of Indian corporates in Ras Al Khaimah and which are the sectors they are operating in?** Indian industrial outfits are operating in a variety of sectors and are doing

particularly well in the auto sector. Companies like Ashok Leyland and JBF are already operating in the emirate and the latest entity we are engaging with is the Mahindra group. **RAK Ceramics is a prominent brand in India as it is in the rest of the world. What are the company's plans for India and what about its global operations?** Our unit in Andhra Pradesh is doing extremely well. The performance has been so good that we undertook an expansion last year. We now have adequate capacity at the Andhra Pradesh unit, and we are looking to have a new unit in Gujarat. On the global level, we had an IPO in Bangladesh which was oversubscribed 15 times, with 1.5 million applications, underlining our brand strength in the market. An IPO in India is also on the anvil. In 2009 there was a 25% increase in profit, and in 2010 we expect a 10% increase in revenues and profit. Today RAK Ceramics products are

Khaimah is a real economy", says he. The offshore concept offers taxation benefits, and the reporting requirements are far more flexible than for traditional business establishments. Some of the key advantages that drive businesses to set up offshore entities called International Business Centres are tax savings, confidentiality, wealth protection, simplicity and cost effectiveness.

### The RAK Offshore edge

All of UAE is an attractive business location for global business houses and entrepreneurs, but even amidst such a setting RAK Offshore stands out as an investment proposition that is quite unique. RAK Offshore General Manager Peter Michael Schuster points out that Ras Al Khaimah not only offers the advantages of offshore investment facilities,

but the emirate is also a choice of residence for many. And when doing business in Ras Al Khaimah, there are the advantages of no corporation tax, capital gains tax, value added tax or personal tax. Mr Schuster points out that Ras Al Khaimah is quite different from other locations that are known as tax shelters. "They may be tax havens but Ras Al

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